

Message Text

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15
ORIGIN EUR-12

INFO OCT-01 ISO-00 TRSE-00 SEC-01 EB-07 COME-00 OMB-01

FRB-03 L-03 CIAE-00 INR-07 NSAE-00 /035 R

DRAFTED BY EUR/CE:SMKLINGAMAN:EM
APPROVED BY EUR/CE:DANDERSON
TREASURY:MBACH
SEC/ENFORCEMENT:IPEARCE
SEC/ENFORCEMENT:PIERCE

----- 046625

R 091950Z SEP 76
FM SECSTATE WASHDC
TO AMEMBASSY BERN

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E.O. 11652: NA

TAGS: EFIN, SZ

SUBJECT: INQUIRIES FROM SWISS BANK AS TO POSSIBLE VIOLATION
SEC OR OTHER US LAWS AND REGULATIONS

REF; BERN 3863

1. TREASURY INFORMS US THAT THE CAYMAN ISLANDS SUBSIDIARY
APPEARS TO BE A COMMON "INTERNATIONAL FINANCE SUBSIDIARY"
THE USE OF WHICH GENERALLY DOES NOT VIOLATE US TAX LAWS.
THE PRIMARY TAX PURPOSE UNDERLYING THE USE OF AN INTER-
NATIONAL FINANCE SUBSIDIARY INCORPORATED ABROAD TO FINANCE
A U.S. PARENT'S OPERATIONS IS TO GIVE THE PARENT ACCESS
TO INTERNATIONAL MONEY MARKETS IN SUCH MANNER THAT U.S.
WITHHOLDING IS AVOIDED ON INTEREST PAYMENTS TO FOREIGN
HOLDERS OF DEBT OBLIGATIONS AND SUCH DEBT OBLIGATIONS ARE
NOT SUBJECT TO US ESTATE TAX. IF THE PARENT BORROWS
DIRECTLY, THE ABOVE TAX BENEFITS MAY BE LOST.

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2. THE SEC IS NOT CERTAIN WHETHER THIS FIRM IS SUBJECT TO

SEC REGULATION. THERE IS A POSSIBILITY THAT IT MIGHT
INSTEAD BE SUBJECT TO REGULATIONS OF COMMODITIES FUTURES
TRADING COMMISSION. IF NAME OF FIRM AND ITS CAYMAN ISLAND
SUBSIDIARY COULD BE PROVIDED, SEC WILL BE PLEASED TO CHECK
FURTHER. KISSINGER

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Message Attributes

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Review Comment: n/a
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